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May 15, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 5381
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 Scheduled date of annual general meeting of shareholders: June 24, 2025
 Scheduled date to commence dividend payments: June 25, 2025
 Scheduled date to file annual securities report: June 25, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts - livestream only)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	11,172	19.4	942	—	855	—	911	—
March 31, 2024	9,354	(6.7)	(442)	—	(186)	—	(408)	—

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥979 million [— %]
 For the fiscal year ended March 31, 2024: ¥(371) million [— %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	64.04	—	11.4	5.4	8.4
March 31, 2024	(28.70)	—	(5.3)	(1.2)	(4.7)

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2025: ¥ —

For the fiscal year ended March 31, 2024: ¥ —

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	15,931	8,463	53.1	594.38
March 31, 2024	15,977	7,484	46.8	525.59

Reference: Equity As of March 31, 2025: ¥8,463 million

As of March 31, 2024: ¥7,484 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	1,596	(695)	(1,056)	2,314
March 31, 2024	451	(633)	144	2,494

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2024	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	Millions of yen —	% —	% —
Fiscal year ended March 31, 2025	—	0.00	—	10.00	10.00	144	15.6	1.8
Fiscal year ending March 31, 2026 (Forecast)	—	0.00	—	10.00	10.00		20.3	

3. Consolidated financial results forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	11,000	(1.5)	900	(4.5)	1,000	16.9	700	(23.2)	49.16

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: — (Company name: —)

Excluded: — (Company name: —)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	14,451,920 shares
As of March 31, 2024	14,451,920 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	212,852 shares
As of March 31, 2024	212,732 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	14,239,126 shares
Fiscal year ended March 31, 2024	14,239,248 shares

Note: The number of treasury shares includes 23,300 shares held in the trust account for the fiscal year ended March 31, 2024 and 183,300 shares for the fiscal year ended March 31, 2025.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	9,811	21.6	489	—	751	—	852	—
March 31, 2024	8,068	(4.0)	(993)	—	(503)	—	(705)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2025	59.89	—
March 31, 2024	(49.57)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	14,777	7,527	50.9	528.68
March 31, 2024	14,850	6,675	44.9	468.79

Reference: Equity As of March 31, 2025: ¥7,527 million

As of March 31, 2024: ¥6,675 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

- The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the company and certain assumptions deemed reasonable. Actual results may vary significantly due to various factors.

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1. Information on financial results

(1) Explanation of operating results

During the current consolidated fiscal year, the Japanese economy showed signs of gradual recovery due to an improved employment and income environment, and a pickup in consumer spending, capital investment, and exports, despite concerns about the continued impact of rising consumer prices on household finances. However, the outlook remains uncertain due to the U.S. trade policy and the continued stagnation of the Chinese economy.

Amid these challenges, our Group has remained committed to its mission of “Changing the World through Coating, Cutting, and Polishing.” Guided by our core management policies, we have focused on enhancing product business value through an engineering-driven approach, transitioning from OEM business model to an engineering services business, and building a resilient management foundation capable of adapting to rapid changes and market diversity.

Although the Group’s business environment is affected by soaring raw material and energy costs, investment in general-purpose data centers, which had been restrained, showed a recovery trend due to global investment in AI servers and was driven by the recovery of the optical fiber and hard disk markets for data centers. As a result, sales of high-tech related products generally remained strong. We are aggressively working to acquire new customers for the OEM business. Although this has led to an increase in the number of prototypes and inquiries, the start of mass production is expected to take more time as it is dependent on the market trends and development status of the final products.

As a result, the Group’s performance for the current consolidated fiscal year showed net sales of ¥11,172 million (up 19.4% year-on-year), an operating profit of ¥942 million (compared to an operating loss of ¥442 million in the same period last year), an ordinary profit of ¥855 million (compared to an ordinary loss of ¥186 million in the same period last year), and a net profit attributable to owners of parent of ¥911 million (compared to a net loss of ¥408 million attributable to owners of parent in the same period last year).

The performance by segment is as follows:

• Product Business

Net sales in the product business totaled ¥9,956 million (up 30.7% year-on-year), with a segment profit of ¥1,321 million (compared to a segment loss of ¥75 million in the previous year). Sales of high-tech related products such as optical fiber and hard disks remained high, driven by the development of optical network infrastructure in the U.S. and the strengthening of data network facilities related to generative AI. As for semiconductor related business, sales of probe card cleaning sheets and other consumable materials remained strong.

• OEM Business

Net sales in the OEM business totaled ¥1,215 million (down 29.9% year-on-year), with a segment loss of ¥379 million (compared to a ¥366 million loss in the previous fiscal year). This segment primarily provides services for electronics-related products, including PCs, tablets, and smartphones. The company saw a decrease in sales due to changes in demand for relevant products and changes in final product specifications. Despite efforts to reduce fixed costs by sharing facilities and human resources with the Product Business, both sales and profit declined.

(2) Explanation of financial position

(Assets)

As of the end of the fiscal year, total assets decreased by ¥46 million compared to the previous fiscal year, amounting to ¥15,931 million. Key changes included an increase in work in process of ¥155 million, an increase in property, plant and equipment of ¥140 million, an increase in investment securities of ¥107 million, a decrease in cash and deposits of ¥284 million, and a decrease in trade accounts receivable of ¥352 million.

(Liabilities)

Total liabilities decreased by ¥1,025 million from the previous fiscal year and fell to ¥7,467 million. Major contributing factors included an increase in notes and trade accounts payable of ¥265 million, an increase in short-term borrowings of ¥417 million, an increase in income taxes payable of ¥114 million, an increase in provisions for bonuses of ¥151 million, a decrease in other accounts payable of ¥235 million, a decrease in long-term borrowings of ¥1,284 million, and a decrease in deferred tax liabilities by ¥260 million.

(Net assets)

Net assets increased by ¥979 million compared to the end of the previous fiscal year, totaling ¥8,463 million at the end of the fiscal year. The primary factors contributing to this increase were a net profit attributable to owners of parent of ¥911 million and an increase in foreign currency translation adjustments of ¥71 million. As a result, the equity ratio at the end of the fiscal year stood at 53.1%.

(3) Explanation of cash flows

At the end of the fiscal year, cash and cash equivalents decreased by ¥179 million compared to the end of the previous fiscal year, totaling ¥2,314 million.

The status of cash flows for the fiscal year is as follows:

(Cash flows from operating activities)

Cash flows from operating activities increased by ¥1,596 million (compared to an increase of ¥451 million in the previous fiscal year). Key factors include a net profit before income taxes of ¥858 million, depreciation of ¥634 million, a ¥384 million decrease in notes and trade accounts receivable, a ¥262 million increase in notes and trade accounts payable, a ¥230 million increase in inventories, and a ¥266 million decrease in other accounts payable.

(Cash flows from investing activities)

Cash flows from investing activities decreased by ¥695 million (compared to a decrease of ¥633 million in the same period last year). The primary components include proceeds of ¥140 million from withdrawals of time deposits, capital expenditures of ¥681 million for the purchase of property, plant, and equipment, and capital expenditures of ¥107 million for acquiring investment securities.

(Cash flows from financing activities)

Cash flow from financing activities decreased by ¥1,056 million (compared to an increase of ¥144 million in the previous fiscal year). Key changes include a net increase in short-term borrowings of ¥414 million and expenditures of ¥1,379 million for repayments of long-term borrowings.

(4) Future outlook

While the semiconductor, hard disk, and optical fiber-related markets, which are our major customer markets, are expected to remain strong partly due to the spread of generative AI, the outlook remains very uncertain due to geopolitical risks, rising trade costs caused by U.S. trade policy, soaring resource prices, and exchange rate fluctuation risks. Prudence and flexible measures are required to prepare for major changes in the business environment.

Under such circumstances, we will celebrate the 100th anniversary of our founding in November 2025, and we will aim for further growth in both the product business and the OEM business in order to further expand our coating, cutting, and polishing domain, which we have grown over the past century. In the product business, in addition to the development of new products in the high-tech field, we are developing our own products utilizing IH powder coating technology in the general polishing category, and in the OEM business, we are aiming to expand our business with a focus on CMP projects in the polishing processing industry.

Furthermore, we will continue to diversify our sales channels through the use of e-commerce, automate and conserve labor resources in factories through manufacturing DX, and strengthen our investment in human capital for the future through human resource development.

For the fiscal year ending March 31, 2026, we forecast net sales of ¥11,000 million, an operating profit of ¥900 million, an ordinary profit of ¥1,000 million, and a net profit attributable to owners of parent of ¥700 million.

Note: The sales and profit forecasts presented in this document are based on currently available information, including industry trends for each business segment within our Group, economic conditions in Japan and overseas, foreign exchange rate fluctuations, and other factors that may impact performance. Please be advised that the actual results may differ significantly from these forecasts.

2. Basic policies concerning selection of accounting standards

Our Group will continue to prepare consolidated financial statements in accordance with Japanese GAAP, ensuring consistency and comparability over time and across companies.

Regarding the adoption of IFRS, we will continue to monitor both domestic and international developments and will respond appropriately as necessary.

3. Consolidated financial statements and key notes

(1) Consolidated balance sheet

(Unit: thousands of yen)

	Previous consolidated fiscal year (as of March 31, 2024)	Current consolidated fiscal year (as of March 31, 2025)
Assets		
Current assets		
Cash and deposits	2,692,205	2,407,687
Notes receivable – trade	170,410	82,897
Accounts receivable – trade	2,492,203	2,139,920
Electronically recorded monetary claims operating	400,760	471,023
Merchandise and finished goods	746,988	763,854
Work in process	1,351,512	1,506,643
Raw materials and supplies	572,336	653,623
Other	347,085	439,863
Allowance for doubtful accounts	(80)	(77)
Total current assets	8,773,422	8,465,435
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,123,116	7,330,971
Machinery, equipment and vehicles	4,266,999	4,499,629
Tools, furniture and fixtures	512,259	636,849
Land	2,066,244	2,091,662
Leased assets	748,296	761,326
Construction in progress	53,922	224,282
Accumulated depreciation	(8,174,391)	(8,807,369)
Total property, plant and equipment	6,596,446	6,737,353
Intangible assets		
Goodwill	52,689	40,320
Software	37,645	49,327
Telephone subscription right	377	377
Total intangible assets	90,712	90,026
Investments and other assets		
Investment securities	55,000	162,560
Shares of subsidiaries and associates	38,102	41,367
Retirement benefit assets	276,176	279,937
Deferred tax assets	14,044	35,581
Other	133,489	119,023
Total investments and other assets	516,812	638,468
Total non-current assets	7,203,972	7,465,848
Total assets	15,977,394	15,931,284

(Unit: thousands of yen)

	Previous consolidated fiscal year (as of March 31, 2024)	Current consolidated fiscal year (as of March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	679,681	945,551
Short-term borrowings	1,649,960	2,067,440
Current portion of bonds payable	15,000	—
Current portion of long-term borrowings	1,367,172	1,296,189
Lease liabilities	75,113	31,117
Accounts payable - other	737,400	501,568
Income taxes payable	65,591	180,539
Advances received	48,081	5,024
Provision for bonuses	124,256	275,501
Provision for loss on liquidation of subsidiaries and associates	2,509	2,660
Other	165,606	133,283
Total current liabilities	4,930,373	5,438,877
Non-current liabilities		
Long-term borrowings	3,141,020	1,857,002
Lease liabilities	119,293	88,044
Deferred tax liabilities	275,261	14,412
Retirement benefit liabilities	17,536	7,154
Asset retirement obligations	—	52,597
Other	9,891	9,762
Total non-current liabilities	3,563,003	2,028,972
Total liabilities	8,493,377	7,467,850
Net assets		
Shareholders' equity		
Share capital	3,379,569	3,379,569
Capital surplus	2,925,782	2,927,441
Retained earnings	985,440	1,897,318
Treasury shares	(104,280)	(106,014)
Total shareholders' equity	7,186,512	8,098,314
Accumulated other comprehensive income		
Foreign currency translation adjustment	297,505	369,450
Cumulative retirement benefit adjustment	—	(4,330)
Total accumulated other comprehensive income	297,505	365,119
Total net assets	7,484,017	8,463,434
Total liabilities and net assets	15,977,394	15,931,284

(2) Consolidated income statements and comprehensive income

(Unit: thousands of yen)

	Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
Net sales	9,354,195	11,172,060
Cost of sales	6,776,792	6,802,400
Gross profit	2,577,402	4,369,659
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	108,000	156,736
Salaries and bonuses	985,374	1,087,200
Provision for bonuses	51,850	132,744
Retirement benefit expenses	11,941	43,350
Packing and transportation costs	215,130	273,268
Depreciation	109,352	122,479
Research and development expenses	122,828	158,799
Provision of allowance for doubtful accounts	(158)	—
Other	1,415,354	1,452,850
Total selling, general and administrative expenses	3,019,672	3,427,431
Operating profit (loss)	(442,270)	942,227
Non-operating income		
Interest income	19,553	39,653
Dividend income	360	360
Rental income	182,014	181,279
Foreign exchange gains	133,957	—
Other	68,122	5,265
Total non-operating income	404,008	226,558
Non-operating expenses		
Interest expenses	68,494	71,526
Commission expenses	9,987	75,798
Rental expenses	68,693	68,247
Foreign exchange losses	—	97,140
Guarantee commission	151	30
Other	483	642
Total non-operating expenses	147,809	313,384
Ordinary income	(186,071)	855,401

(Unit: thousands of yen)

	Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
Extraordinary income		
Gain on sales of non-current assets	77,535	3,380
Gain on liquidation of subsidiaries and associates	74,250	—
Total extraordinary income	151,785	3,380
Extraordinary losses		
Loss on retirement of non-current assets	6,430	669
Impairment losses	109,312	—
Total extraordinary losses	115,743	669
Profit before income taxes	(150,029)	858,111
Income taxes – current	79,237	227,935
Income taxes – deferred	179,393	(281,701)
Total income taxes	258,630	(53,766)
Profit	(408,659)	911,878
Profit attributable to		
Profit attributable to owners of parent	(408,659)	911,878
Profit attributable to non-controlling interests	—	—
Other comprehensive income		
Foreign currency translation adjustment	37,601	71,944
Retirement benefit adjustment	—	(4,330)
Total other comprehensive income	37,601	67,613
Comprehensive income	(371,057)	979,491
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(371,057)	979,491
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Unit: thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,379,569	2,925,782	1,536,725	(104,230)	7,737,847
Changes during period					
Dividends of surplus			(142,625)		(142,625)
Loss attributable to owners of parent			(408,659)		(408,659)
Purchase of treasury shares				(49)	(49)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	(551,285)	(49)	(551,335)
Balance at end of period	3,379,569	2,925,782	985,440	(104,280)	7,186,512

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	259,903	259,903	7,997,750
Changes during period			
Dividends of surplus			(142,625)
Loss attributable to owners of parent			(408,659)
Purchase of treasury shares			(49)
Net changes in items other than shareholders' equity	37,601	37,601	37,601
Total changes during period	37,601	37,601	(513,733)
Balance at end of period	297,505	297,505	7,484,017

Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)

(Unit: thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,379,569	2,925,782	985,440	(104,280)	7,186,512
Changes during period					
Profit attributable to owners of parent			911,878		911,878
Purchase of treasury shares				(82,475)	(82,475)
Disposal of treasury shares		1,659		80,740	82,400
Net changes in items other than shareholders' equity					
Total changes during period	—	1,659	911,878	(1,734)	911,802
Balance at end of period	3,379,569	2,927,441	1,897,318	(106,014)	8,098,314

	Accumulated other comprehensive income			Total net assets
	Foreign currency translation adjustment	Retirement benefit adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	297,505	—	297,505	7,484,017
Changes during period				
Profit attributable to owners of parent				911,878
Purchase of treasury shares				(82,475)
Disposal of treasury shares				82,400
Net changes in items other than shareholders' equity	71,944	(4,330)	67,613	67,613
Total changes during period	71,944	(4,330)	67,613	979,416
Balance at end of period	369,450	(4,330)	365,119	8,463,434

(4) Consolidated statement of cash flows

(Unit: thousands of yen)

	Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit (loss) before income taxes	(150,029)	858,111
Depreciation	634,532	634,111
Amortization of goodwill	26,648	12,368
Impairment losses	109,312	—
Increase (decrease) in allowance for doubtful accounts	(3,318)	—
Increase (decrease) in provision for bonuses	(35,156)	150,744
Decrease (increase) in retirement benefit assets	(63,028)	(9,988)
Increase (decrease) in retirement benefit liabilities	407	(10,382)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(4,465)	—
Interest and dividend income	(19,913)	(40,013)
Rental income	(182,014)	(181,279)
Interest expenses	68,494	71,526
Commission expenses	9,987	75,798
Loss (gain) on sale of non-current assets	(77,535)	(3,380)
Loss on retirement of non-current assets	6,430	669
Loss (gain) on liquidation of subsidiaries and associates	(74,250)	—
Decrease (increase) in notes and accounts receivable - trade	(601,800)	384,009
Decrease (increase) in inventories	512,583	(230,615)
Decrease (increase) in accounts receivable - other	241,588	(18,333)
Increase (decrease) in notes and accounts payable - trade	(146,901)	262,267
Increase (decrease) in accounts payable - other	89,136	(266,327)
Increase (decrease) in advances received	8,627	(43,570)
Other, net	(86,625)	16,740
Subtotal	262,708	1,662,456
Interest and dividends received	19,913	40,013
Proceeds from rental income	183,558	165,314
Interest expense paid	(69,110)	(72,534)
Commission expenses paid	(9,987)	(75,798)
Refunded (paid) income taxes	64,788	(123,013)
Net cash provided by operating activities	451,871	1,596,438

(Unit: thousands of yen)

	Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
Cash flows from investing activities		
Payments into time deposits	(35,175)	(36,381)
Proceeds from withdrawals of time deposits	—	140,000
Purchase of property, plant and equipment	(604,683)	(681,323)
Proceeds from sale of property, plant and equipment	134,981	3,360
Payments for retirement of property, plant and equipment	(3,300)	—
Purchase of intangible assets	(22,659)	(13,641)
Purchase of investment securities	—	(107,560)
Purchase of shares of subsidiaries and associates	—	(3,265)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	(37,180)	—
Other, net	(65,744)	3,219
Net cash provided by (used in) investing activities	(633,760)	(695,591)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(220,700)	414,000
Proceeds from long-term borrowings	1,844,000	—
Repayments of long-term borrowings	(1,236,415)	(1,379,728)
Redemption of bonds	(27,500)	(15,000)
Purchase of treasury shares	(49)	(75)
Repayments of lease liabilities	(73,419)	(75,245)
Dividends paid	(141,490)	(439)
Net cash provided by (used in) financing activities	144,425	(1,056,489)
Effect of exchange rate change on cash and cash equivalents	78,535	(23,818)
Net increase (decrease) in cash and cash equivalents	41,072	(179,460)
Cash and cash equivalents at beginning of period	2,452,960	2,494,032
Cash and cash equivalents at end of period	2,494,032	2,314,571

(5) Notes on consolidated financial statements

(Notes on going concern assumptions)

Not applicable.

(Change in presentation method)

(Related to the consolidated income statements and comprehensive income)

The “Subsidy income” within “Non-operating income,” which was presented separately in the previous fiscal year, is included under “Other” for the current fiscal year due the amount becoming insignificant. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified accordingly.

As a result, in the consolidated income statements for the previous fiscal year, the “Subsidy income” previously reported as ¥62,801 thousand within “Non-operating income” and ¥5,321 thousand reported under “Other” has been reclassified as ¥68,122 thousand under “Other.”

(Consolidated statement of cash flows)

The “Subsidy income” and “Subsidies received” listed below the subtotal under “Cash flows from operating activities” that were presented separately in the previous fiscal year is included under “Profit (loss) before income taxes” for the current fiscal year due to their amounts becoming insignificant. Accordingly, the prior year’s consolidated financial statements have been reclassified.

As a result, in the consolidated statement of cash flows for the previous fiscal year, the amount previously reported as ¥(62,801) thousand under “Subsidy income,” ¥199,906 thousand under “Subtotal,” and ¥62,801 thousand under “Subsidies received” within “Cash flows from operating activities,” has been reclassified as ¥262,708 thousand under “Subtotal.”

(Additional information)

(Transactions involving the transfer of company shares to employees through trusts)

To enhance employee motivation and morale toward improving stock prices and business performance, as well as to align their economic interests with those of shareholders, the Company introduced a stock provision trust (J-ESOP) in March 2013. The purpose of this system is to enhance the Company’s long-term corporate value. Under this system, shares of the Company are granted to employees who have acquired beneficiary rights, in accordance with pre-established stock grant regulations. Employees earn points based on the Company’s performance and individual achievements, and those who meet certain conditions acquire beneficiary rights, allowing them to receive Company shares equivalent to the awarded points. The shares granted to employees are acquired in advance using funds allocated to the trust, including those for future distributions, and are managed separately as trust assets.

Additionally, Company shares remaining in the trust are recorded as treasury shares under net assets at the book value of the trust, excluding incidental costs. The book value and number of treasury shares recorded in the trust were ¥8,686 thousand and 23,300 shares in the previous consolidated fiscal year, and ¥91,086 thousand and 183,300 shares in the current consolidated fiscal year.

(Related to the consolidated income statements and consolidated comprehensive income)

Impairment losses

For the previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)

The Group has recorded an impairment loss on the following asset groups for the current consolidated fiscal year.

Location	Applications	Asset category	Impairment loss (thousands of yen)
Kure City, Hiroshima Prefecture	Development and production facilities	Buildings and structures	16,980
		Machinery, equipment, and vehicles	46,946
		Tools, furniture, and fixtures	397
	—	Goodwill	44,987
Total			109,312

Our Group classifies business assets into groups primarily based on management accounting categories. Idle assets and assets scheduled for disposal are grouped separately on an individual basis.

- Development and production facilities and goodwill

Due to slower-than-expected progress compared to the initial business acquisition plan, the recoverability of development and production facilities and goodwill in Kure City, Hiroshima Prefecture, was assessed. As a result, the carrying amount was reduced to its recoverable amount, and an impairment loss was recorded as an extraordinary loss, amounting to ¥64,324 thousand for development and production facilities and ¥44,987 thousand for goodwill.

The recoverable amount was measured based on the net selling value, which was assessed as zero.

For the current consolidated fiscal year (from April 1, 2024 to March 31, 2025): Not applicable.

(Segment information, etc.)

Segment information

1. Reportable segment

Reportable segments for the Group are components of the Company for which separate financial information is available and which are regularly reviewed by the Board of Directors for resource allocation and performance evaluation. The Group has two reportable segments: Product Business and OEM Business.

The Product Business manufactures and sells polishing-related products, including films, precision cleaning agents, slurries, and polishing equipment.

The OEM Business provides contract processing services, such as coating, converting, and polishing, using customer-supplied materials and leveraging our equipment and expertise.

The Group develops comprehensive strategies and operates within these two segments, which form the basis of our reportable segments.

2. Method of calculation of the amounts of net sales, profit or loss, assets and others by reportable segment

The accounting principles applied to the reported business segments are largely consistent with those described in the “Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements.”

Segment profit is calculated based on operating profit.

3. Amounts of net sales, profit or loss, assets, liabilities, and others by reportable segment and breakdown of revenue

For the previous fiscal year (from April 1, 2023 to March 31, 2024):

(Unit: thousands of yen)

	Reportable segment			Amount reported on consolidated financial statements
	Product Business	OEM Business	Total	
Net sales				
Japan	3,933,755	1,708,534	5,642,290	5,642,290
Asia	2,617,225	810	2,618,035	2,618,035
North America	933,442	23,686	957,129	957,129
Europe	125,804	2,759	128,564	128,564
Other regions	8,176	—	8,176	8,176
Revenue from contracts with customers	7,618,404	1,735,791	9,354,195	9,354,195
Sales to external customers	7,618,404	1,735,791	9,354,195	9,354,195
Intersegment sales or transfers	—	—	—	—
Total	7,618,404	1,735,791	9,354,195	9,354,195
Segment loss	(75,791)	(366,479)	(442,270)	(442,270)

Notes:

1. The total amount of segment loss corresponds to operating loss as reported in the consolidated income statements and comprehensive income.
2. Since the Company manufactures products for each segment using shared facilities, it is not practically feasible to classify assets, liabilities, and other financial items by segment. Additionally, as these classifications are not used by the Board of Directors for decision-making regarding resource allocation or performance evaluation, information on segment-specific assets, liabilities, and other items has been omitted.

For the current consolidated fiscal year (from April 1, 2024 to March 31, 2025):

(Unit: thousands of yen)

	Reportable segment			Amount reported on consolidated financial statements
	Product Business	OEM Business	Total	
Net sales				
Japan	3,738,894	1,151,415	4,890,310	4,890,310
Asia	4,103,948	1,635	4,105,583	4,105,583
North America	1,883,108	60,158	1,943,266	1,943,266
Europe	211,893	2,760	214,654	214,654
Other regions	18,246	—	18,246	18,246
Revenue from contracts with customers	9,956,091	1,215,969	11,172,060	11,172,060
Sales to external customers	9,956,091	1,215,969	11,172,060	11,172,060
Intersegment sales or transfers	—	—	—	—
Total	9,956,091	1,215,969	11,172,060	11,172,060
Segment profit (loss)	1,321,348	(379,120)	942,227	942,227

Notes:

1. The total amount of segment profit or loss corresponds to operating profit as reported in the consolidated income statements and comprehensive income.
2. Since the Company manufactures products for each segment using shared facilities, it is not practically feasible to classify assets, liabilities, and other financial items by segment. Additionally, as these classifications are not used by the Board of Directors for decision-making regarding resource allocation or performance evaluation, information on segment-specific assets, liabilities, and other items has been omitted.

(Relevant information)

For the previous consolidated fiscal year (from April 1, 2023 to March 31, 2024):

1. Information by product and service

This section has been omitted as similar information is disclosed in the segment information.

2. Geographical information**(1) Net sales**

(Unit: thousands of yen)

	Japan	Other	Total
Net sales	5,642,290	3,711,905	9,354,195

Note: Net sales are classified by country or region based on the location of the customers.

(2) Property, plant and equipment

This information has been omitted as property, plant and equipment located in Japan account for more than 90% of the total property, plant and equipment reported in the consolidated balance sheet.

3. Information by major customers

No disclosure is provided as there are no customers accounting for 10% or more of net sales in the consolidated income statements and comprehensive income.

For the current consolidated fiscal year (from April 1, 2024 to March 31, 2025):

1. Information by product and service

This section has been omitted as similar information is disclosed in the segment information.

2. Information by region**(1) Net sales**

(Unit: thousands of yen)

	Japan	United States	China	Other	Total
Net sales	4,890,310	1,875,026	1,295,782	3,110,940	11,172,060

Note: Net sales are classified by country or region based on the location of the customers.

(2) Property, plant and equipment

This information has been omitted as property, plant and equipment located in Japan account for more than 90% of the total property, plant and equipment reported in the consolidated balance sheet.

3. Information by major customers

(Unit: thousands of yen)

Name of customer	Net sales	Related segment
Fiber Optic Center, Inc.	1,598,773	Product

(Information on impairment loss of non-current assets by reportable segment)

For the previous consolidated fiscal year (from April 1, 2023 to March 31, 2024):

(Unit: thousands of yen)

	Reportable segment			Corporate/Eliminations	Total
	Product Business	OEM Business	Total		
Impairment losses	109,312	—	109,312	—	109,312

For the current consolidated fiscal year (from April 1, 2024 to March 31, 2025):

Not applicable.

(Information on amortization and unamortized balance of goodwill by reportable segment)

For the previous consolidated fiscal year (from April 1, 2023 to March 31, 2024):

(Unit: thousands of yen)

	Reportable segment			Corporate/Eliminations	Total
	Product Business	OEM Business	Total		
Amortization	23,995	2,653	26,648	—	26,648
Balance at end of period	23,500	29,189	52,689	—	52,689

Note: An impairment loss of ¥44,987 thousand on goodwill has been recorded for the Product Business segment.

For the current consolidated fiscal year (from April 1, 2024 to March 31, 2025):

(Unit: thousands of yen)

	Reportable segment			Corporate/Eliminations	Total
	Product Business	OEM Business	Total		
Amortization	6,000	6,368	12,368	—	12,368
Balance at end of period	17,500	22,820	40,320	—	40,320

(Information on negative goodwill occurrences by reportable segment)

For the previous consolidated fiscal year (from April 1, 2023 to March 31, 2024):

Not applicable.

For the current consolidated fiscal year (from April 1, 2024 to March 31, 2025):

Not applicable.

(Per share information)

(Unit: yen)

	Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
Net assets per share	525.59	594.38
Basic earnings (loss) per share	(28.70)	64.04

Notes:

1. Diluted earnings per share for the previous fiscal year have not been presented as there was a net loss per share and no dilutive shares. Diluted earnings per share for the current fiscal year have not been presented as there were no dilutive shares.
2. The basis for calculating earnings (loss) per share is as follows.

Item	Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
Basic earnings (loss) per share for the period		
Earnings (loss) attributable to owners of parent (thousands of yen)	(408,659)	911,878
Amount not attributable to common stockholders (thousands of yen)	—	—
Earnings (loss) attributable to owners of parent related to common stock (thousands of yen)	(408,659)	911,878
Average number of shares of common shares outstanding during the period (shares)	14,239,248	14,239,126

3. Treasury shares held in the trust, recorded under shareholders' equity, are included in the number of treasury shares deducted from the weighted average number of shares outstanding for the calculation of earnings or loss per share and are also included in the number of treasury shares deducted from the total number of shares outstanding for the calculation of net assets per share at the conclusion of the fiscal year.

In calculating the earnings or loss per share, the number of treasury shares deducted was 23,300 for the previous consolidated fiscal year and 146,377 for the current consolidated fiscal year. Therefore, when calculating the net assets per share, the number of treasury shares deducted for the previous consolidated fiscal year was 23,300 and 183,000 for the current consolidated fiscal year.

(Significant subsequent events)**(Purchase of treasury shares)**

Matters pertaining to the acquisition of treasury shares were voted on pursuant to the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms in accordance with the provisions of Article 165 Section 3 of said Act.

1. Reason for acquiring treasury shares:

To improve capital efficiency and enhance shareholder returns.

2. Details of acquisition:

- (1) Number of shares to be purchased: 500,000 common shares of the Company (limit)
0.35% of the total number of shares issued and outstanding (excluding treasury stock)
- (2) Total amount for purchase: 200 million yen (limit)
- (3) Purchase period: May 16, 2025 to July 31, 2025
- (4) Purchase method: Market purchase on the Tokyo Stock Exchange